

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Cotton and Products Update November 2013

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Cotton and Products

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Report Highlights:

India's cotton exports jumped to an estimated 900,000 480 bales during November, of which 85 percent was destined for China. While farm prices remain relatively firm in rupees, ex-gin prices in dollars have dropped below the Cotlook A Index. 2013/14 exports are now expected 1.0 million 480 bales higher at 8.0 million bales. A major cyclone in the Bay of Bengal is expected to hit part of the major cotton producing state of Andhra Pradesh over the next few days. Heavy rains and wind could affect yields and/or quality. 2011/12 and 2012/13 consumption are estimated lower based on the revised estimate of non-mill consumption provided by the Cotton Advisory Board on November 1.

Cotton India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	12,200	12,200	12,000	11,800	11,700	11,700
Beginning Stocks	11,799	10,964	10,569	9,984	10,069	9,984
Production	29,000	29,000	28,500	28,500	29,000	29,000
Imports	600	400	1,200	1,200	1,500	1,000
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	41,399	40,364	40,269	39,684	40,569	39,984
Exports	11,080	11,080	7,700	7,700	7,000	8,000
Use	19,750	19,300	22,500	22,000	23,000	23,000
Loss	0	0	0	0	0	0
Total Dom. Cons.	19,750	19,300	22,500	22,000	23,000	23,000
Ending Stocks	10,569	9,984	10,069	9,984	10,569	8,984
Total Distribution	41,399	40,364	40,269	39,684	40,569	39,984
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Arrivals Ahead of Last Year

On November 10, 2013, MY 2013/14 cotton arrivals, as counted by the Cotton Corporation of India, had reached 2.4 million 170 kg bales (1.8 million 480 lb bales/408,000 mt) compared to 2.0 million 170 kg bales (1.5 million 480 lb bales/343,000 mt) a year ago. The pace of daily cotton arrivals is relatively strong at 100,000 170 kg bales per day, but is expected to accelerate during December. Trade sources indicate that as of November 26 arrivals had crossed 3.0 million 170 kg bales. Farm prices in rupees have remained surprisingly firm with such a large crop in the offing (See Figure 1a). However, daily arrivals are expected to reach 250,000 170 kg bales per day starting in mid-December which is expected to push farm prices lower. Ex-gin prices in dollars have fallen and Indian cotton is now selling at a discount to the Cotlook A Index. As of November 26, the Cotton Corporation of India (CCI) was holding approximately 60,000 bales remaining of the 2.3 million 170 kg bales it procured in 2012/13.

Another Cyclone Threatens Andhra Pradesh

India's cotton crop in the major-growing state of Andhra Pradesh is anticipating cyclone Lehar, the second potentially damaging cyclone of the season. While cotton growing areas evaded significant damage from cyclone Phailin earlier this year, cyclone Lehar could damage yields and/or quality. According to the Indian Meteorological Department, the cyclone is expected to hit coastal Andhra Pradesh by November 28. The government has issued advisories to postpone the second and third crop pickings and take measures for storing the harvested crop, and provide adequate drainage channels for cotton fields. The cyclone is expected to bring heavy to very heavy rainfall in the region with strong winds.

Cotton Advisory Board Lowers Non-Mill Consumption

India's cotton consumption estimates are determined by combining monthly consumption in the small scale and non-small scale sectors as provided by the Textile Commissioner, along with the annual "loss" or non-mill consumption as determined by the Cotton Advisory Board. On November 1, 2013, the Cotton Advisory Board lowered the non-mill consumption data for MY 2012/13 by 1 million 170 kg bales (780,804 480 lb bales/170,000 mt) and 500,000 170 kg bales for MY 2011/12. As a result, consumption for MY 2012/13 has been reduced to 22 million 480 lb bales and MY 2011/12 to 19.3 million 480 lb bales to reflect the most current data. See Table 3 for additional information.

Cotton Exports Off and Running

Cotton exports during November jumped to nearly 900,000 480 bales, 30 percent higher than November 2012, but about half of November 2011 exports which preceded the imposition of government export controls. Heavier arrivals and have pushed India's ex-gin price below the Cotlook A Index. About 85 percent of the exports were destined for China. Prices are expected to drop further over the coming months. While much will depend on China's import policies, a weak rupee, competitive pricing, and adequate supplies are expected to sustain interest in Indian cotton among foreign buyers and 2013/14 exports are now estimated at 8.0 million 480 lb bales.

Imports Expected Lower

Cotton imports were lower than expected during the first four months of the marketing year. MY 2013/14 exports are now estimated at 1.0 million 480 lb bales.

Table 1a: Estimate of 2012/13 Cotton Exports

	170 kg	Metric Tons	480 lb
August Exports 1\	56,894	9,672	44,423
September Exports 1\	104,912	17,835	81,916
October Exports 1\	160,506	27,286	125,324
November Exports 1\	767,165	130,418	599,005
December Exports 1\	1,836,812	312,258	1,434,190
January Exports 1\	2,375,871	403,898	1,855,089
February Exports 1\	2,163,959	367,873	1,689,627
March Exports 1\	1,202,359	204,401	938,806
April Exports 1\	340,841	57,943	266,130
May Exports 1\	276,553	47,014	215,934
June Exports 1\	353,871	60,158	276,304
July Exports 1\	270,212	45,936	210,982
Official Total Aug-Jul	9,909,955	1,684,692	7,737,730

1\ Official sub-total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 1b: Estimate of 2013/14 Cotton Exports

	170 kg	Metric Tons	480 lb
August Preliminary Exports 1\	260,500	44,285	203,399
September Estimated Exports 2\	188,006	31,961	146,796
October Estimated Exports 3\	150,000	25,500	117,121
November Estimated Exports 3\	1,100,000	187,000	858,884
Preliminary Total Aug-Nov	1,698,506	288,746	1,326,200

1\ Official sub-total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

2\ Preliminary official data from the Directorate of Commercial Intelligence and Statistics. These data are subject to revision, but are considered a fairly reliable predictor of final official data.

3\ FAS Mumbai estimate

Table 2a: Estimate of 2012/13 Cotton Imports

	170 kg	Metric Tons	480 lb
August Imports 1\	62,935	10,699	49,140
September Imports 1\	203,265	34,555	158,710
October Imports 1\	313,253	53,253	244,589
November Imports 1\	213,159	36,237	166,435
December Imports 1\	104,247	17,722	81,397
January Imports 1\	61,194	10,403	47,781
February Imports 1\	45,541	7,742	35,559
March Imports 1\	55,976	9,516	43,707
April Imports 1\	74,159	12,607	57,903
May Imports 1\	79,900	13,583	62,386
June Imports 1\	142,641	24,249	111,375
July Imports 1\	163,859	27,856	127,942
Official Total Aug-Jul	1,520,129	258,422	1,186,924

1\ Official subtotal reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 2b: Estimate of 2013/14 Cotton Imports

	170 kg	Metric Tons	480 lb
August Preliminary Imports 1\	107,824	18,330	84,189
September Estimated Imports 2\	102,235	17,380	79,826
October Estimated Imports 3\	105,000	17,850	81,984
November Estimated Imports 3\	50,000	8,500	39,040
Preliminary Total Aug-Nov	365,059	62,060	285,039

1\ Official subtotal reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

2\ Preliminary official data from the Directorate of Commercial Intelligence and Statistics. These data are subject to revision, but are considered a fairly reliable predictor of final official data.

3\ FAS Mumbai estimate

Table 3: Monthly Cotton Consumption by the Textile Sector
(Million 170 kg bales)

Month	2009/10	2010/11	2011/12	2012/13	2013/14
Aug	1.859	2.173	1.864	2.207	2.404
Sep	1.829	2.143	2.170	2.146	
Oct	1.812	2.209	1.776	2.185	
Nov	1.847	2.110	1.834	2.109	
Dec	1.949	2.257	2.013	2.264	
Jan	1.954	2.210	2.033	2.330	
Feb	1.881	2.023	2.030	2.224	
Mar	2.001	2.176	2.038	2.361	
Apr	2.053	2.017	2.031	2.324	
May	2.093	1.864	2.128	2.284	
Jun	2.071	1.823	2.117	2.275	
Jul	2.211	1.900	2.213	2.420	
Loss*	1.700	1.338	0.500	1.000	
Total	25.260	26.243	24.747	28.129	

Source: Textile Commissioner

*Loss estimate from the Cotton Advisory Board

Table 4: Cotton Yarn Export Registration Data

Month	Quantity	Month	Quantity	Month	Quantity
	(Million kg)		(Million kg)		(Million kg)
Aug-11	97.734	Aug-12 (P)	83.055	Aug-13 (P)	104.913
Sep-11	77.157	Sep-12 (P)	64.269	Sep-13 (P)	109.640
Oct-11	43.69	Oct-12 (P)	94.462		
Nov-11	76.362	Nov-12 (P)	100.769		
Dec-11	83.005	Dec-12 (P)	100.778		
Jan-12	79.148	Jan-13 (P)	117.143		
Feb-12	60.518	Feb-13 (P)	103.955		
Mar -12 (P)	64.227	Mar-13 (P)	88.685		
Apr -12 (P)	62.811	Apr-13 (P)	115.960		
May -12 (P)	74.455	May -13 (P)	90.152		
Jun -12 (P)	82.419	Jun-13 (P)	142.297		
Jul -12 (P)	94.507	July-13 (P)	139.745		
Total	896.033	Total	1,241.270		

(P) – Provisional

Source: Directorate General of Foreign Trade, Export Cell

Estimated Monthly Stock Position

Tables 5 and 6 provide an estimate of India's 2012/13 monthly cotton stock position on the respective USDA and Indian marketing years using USDA's (or a close approximation) of USDA's beginning stock estimate and the Cotton Advisory Board's beginning stock estimate.

Table 5: Monthly Stock Position
August/July Marketing Year -- 170 kg bales

Month	Opening Stock	Arrivals	Imports	Available Supply	Consumption	Exports	Monthly Loss	Ending Stocks
Aug-12	13,536,050	-	62,935	13,598,985	2,207,000	56,894	41,667	11,293,424
Sep-12	11,293,424	-	203,265	11,496,689	2,146,000	104,912	41,667	9,204,110
Oct-12	9,204,110	869,000	313,253	10,386,363	2,185,000	160,506	83,333	7,957,524
Nov-12	7,957,524	3,100,000	213,159	11,270,683	2,109,000	767,165	83,333	8,311,185
Dec-12	8,311,185	4,828,000	104,247	13,243,432	2,264,000	1,836,812	83,333	9,059,287
Jan-13	9,059,287	8,199,000	61,194	17,319,481	2,330,000	2,375,871	83,333	12,530,277
Feb-13	12,530,277	3,595,000	45,541	16,170,818	2,224,000	2,163,959	83,333	11,699,526
Mar-13	11,699,526	4,872,000	55,976	16,627,502	2,361,000	1,202,359	83,333	12,980,810
Apr-13	12,980,810	3,536,000	74,159	16,590,969	2,324,000	340,841	83,333	13,842,795
May-13	13,842,795	2,114,000	79,900	16,036,695	2,284,000	276,553	83,333	13,392,809
Jun-13	13,392,809	1,439,000	142,641	14,974,450	2,275,000	353,871	83,333	12,262,246
Jul-13	12,262,246	1,048,000	163,859	13,474,105	2,420,000	270,212	83,333	10,700,560
TOTAL		33,600,000	1,520,129	171,190,172	27,129,000	9,909,955	916,664	

Note: The arrivals for Aug and Sep 2013 are reflected in the 2012/13 Aug/Jul marketing year

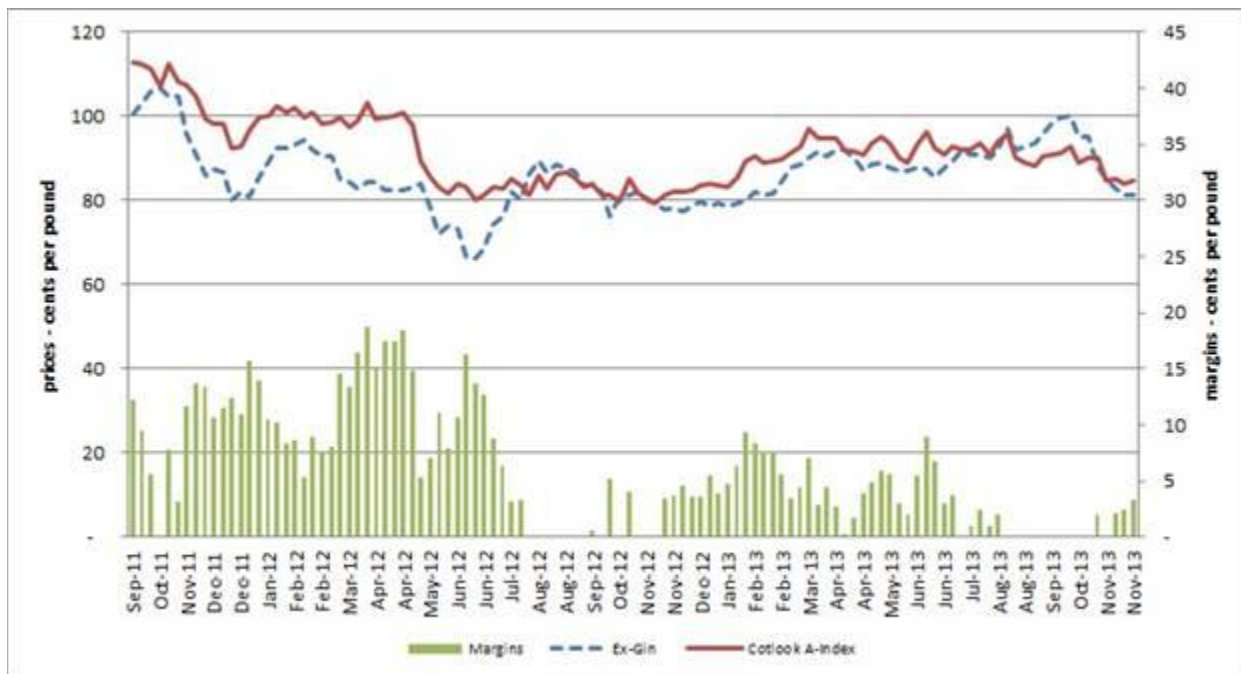
Table 6: Monthly Stock Position Using Cotton Advisory Board Stock Estimates
October/September Marketing Year/170 kg bales

Month	Opening Stock	Arrivals	Imports	Available Supply	Consumption	Exports	Monthly Loss	Ending Stocks
Oct-12	4,000,000	869,000	313,253	5,182,253	2,185,000	160,506	83,333	2,753,414

Nov-12	2,753,414	3,100,000	213,159	6,066,573	2,109,000	767,165	83,333	3,107,075
Dec-12	3,107,075	4,828,000	104,247	8,039,322	2,264,000	1,836,812	83,333	3,855,177
Jan-13	3,855,177	8,199,000	61,194	12,115,371	2,330,000	2,375,871	83,333	7,326,167
Feb-13	7,326,167	3,595,000	45,541	10,966,708	2,224,000	2,163,959	83,333	6,495,416
Mar-13	6,495,416	4,872,000	55,976	11,423,392	2,361,000	1,202,359	83,333	7,776,700
Apr-13	7,776,700	3,536,000	74,159	11,386,859	2,324,000	340,841	83,333	8,638,685
May-13	8,638,685	2,114,000	79,900	10,832,585	2,284,000	276,553	83,333	8,188,699
Jun-13	8,188,699	1,439,000	142,641	9,770,340	2,275,000	353,871	83,333	7,058,136
Jul-13	7,058,136	1,048,000	163,859	8,269,995	2,420,000	270,212	83,333	5,496,450
Aug-13	5,496,450	<i>1,450,000</i>	107,824	7,054,274	2,404,000	<i>260,500</i>	83,333	4,306,441
Sep-13	4,306,441	<i>1,450,000</i>	<i>102,235</i>	5,858,676	<i>2,327,000</i>	<i>188,006</i>	83,333	3,260,337
TOTAL		36,500,000	1,463,988	106,966,348	27,507,000	10,196,655	999,996	

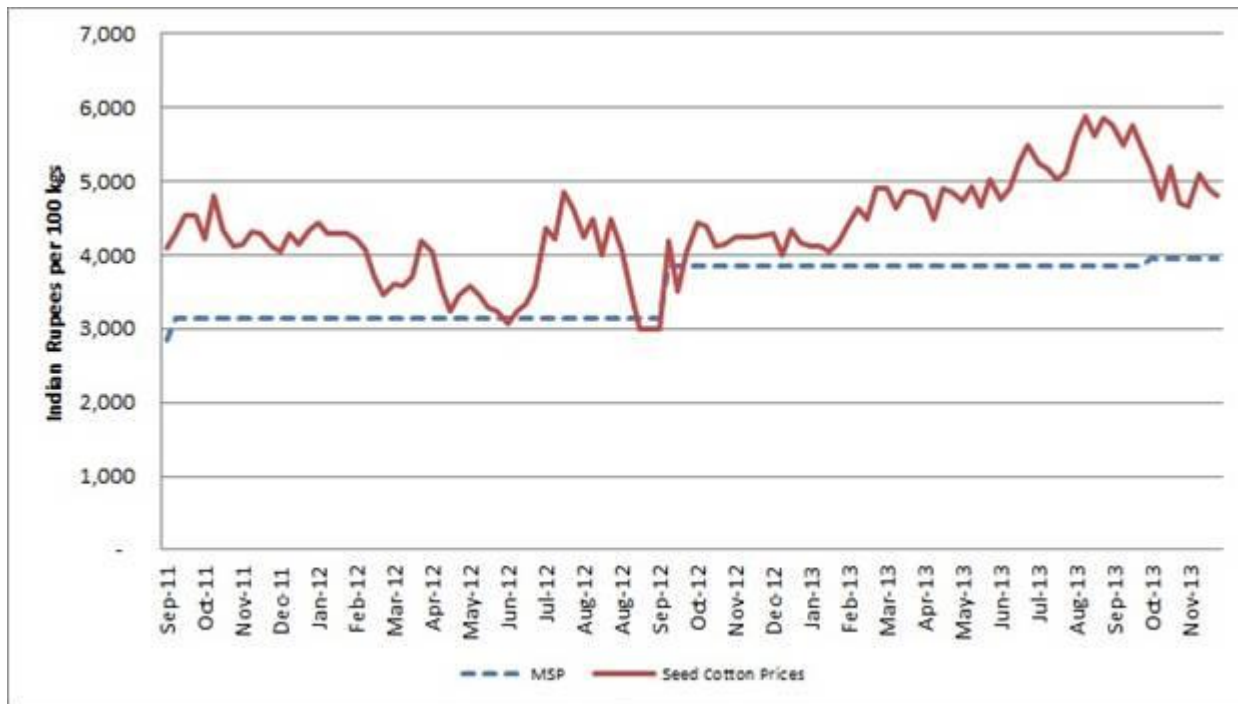
FAS Mumbai estimates highlighted in red italics.

Figure 1a: India Weekly Shankar 6 Ex-Gin Price vs. Cotlook A-Index



Source: Cotton Association of India
Cotlook A-Index

**Figure 1b: India Weekly Seed Cotton Prices vs.
Minimum Support Price – Shankar-6**



Source: Agriculture Marketing Information Network, Ministry of Agriculture

**Figure 1c: Spinning Margin -- India Weekly Shankar 6 Ex-Gin Price vs.
Indian Cotton Yarn Price (40s)**



Source: Cotton Association of India
Tecoya Trend